



## **Staff Report**

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### **REPORT ON ECONOMIC DEVELOPMENT PROGRAM.**

Honorable Chair and Board Members:

#### **Summary**

This report is a status report on recent activities related to Economic Development efforts by the City of Belmont.

#### **Background**

In August 2004 the Redevelopment Agency Board directed staff to hire a full-time Economic Development Director as part of the City's Economic Development Strategy. To date, staff has been unsuccessful in recruiting an Economic Development Manager, making this the second unsuccessful attempt to fill this position. In the interim, staff has elected to make use of consulting experts to move a few targeted projects along. Working under the direction of the Finance Director, the Interim City Manager has authorized the retention of an experienced west coast Economic Development firm as well as a local Commercial Real Estate firm to examine targeted economic development opportunities with the Redevelopment Agency consistent with the Belmont Redevelopment Agency Director's priorities. In addition, the staff has continued its effort on the Harbor Industrial Area Annexation and the business retention program. These combined efforts represent the Agency's three-pronged economic development strategy.

#### **Discussion**

The Belmont Redevelopment Agency continues to pursue its major economic development goals of expanding and diversifying the city tax revenue base, improving the financial strength of its existing commercial nodes, and ensuring a high quality of life for city residents.

Towards that end, the Agency has implemented a three-pronged economic development strategy. The result of this strategy includes the following individual components:

- 1) Economic Development Enhancement – Target Site Strategy
- 2) Economic Development Expansion – HIA Annexation Strategy
- 3) Economic Development Retention – Business Retention Strategy

#### **Economic Development Enhancement – Target Site Strategy**

The Agency has retained Keyser Marston Associates (KMA) and NAIBT Commercial to

examine targeted economic development opportunities within the Agency project area. After performing an assessment of the Agency's development opportunities and researching the historical record on the Agency's economic development vision, KMA has prepared a memorandum summarizing an Economic Development Enhancement -Target Site Strategy. This document evaluates the economic enhancement potential of three opportunity areas in or near the City's main cross roads and recommends an implementation strategy for Agency action. As envisioned, the proposed development for each of these areas would conform with existing economic development strategy goals and be compatible with existing uses in the area.

KMA's target site strategy summary identifies three major opportunity areas in or near downtown and the most appropriate land uses for each of the areas: *Central Village/Downtown – Village Retail (Fine-Grained)*; *Highway 101/Ralston Avenue/Marine Parkway Interchange – Commercial Retail (Hotel, Auto Dealerships)*; *Harbor Industrial Area (HIA) – Existing use types plus possibly Large Format Retail and/or Commercial Retail (Hotel, Auto Dealerships)* in the mid- to longer-term, if annexed and if consistent with the Specific Plan to be developed.

KMA recommends focusing on sites that offer the best fit with the Agency's near-term development criteria and economic development goals to create momentum and early successes. Key implementation actions include:

- Creating development “packages” that combine easier/shorter-term development sites (i.e., City/Agency-owned) with more complex sites to attract developer interest;
- Use of City/Agency resources, including financial, regulatory, political and/or other, to encourage and facilitate the development of catalyst sites; and
- City/Agency disposition of parcels that it owns or controls to a developer for immediate use in exchange for assistance in the future development of longer-term sites.

KMA will be present at the meeting to discuss the details of this strategy.

#### Economic Development Expansion – HIA Annexation Strategy

The second component of the Agency's Economic Development Strategy, referred to as the HIA Annexation Strategy, is intended to run concurrent with the Target Site Strategy. This approach addresses the economic potential of the Harbor Industrial Area (HIA), should it become a part of the City of Belmont. In summary, the approach includes a program to address the HIA's concerns, develops a specific plan, and recommends creation of a new Agency project area upon annexation. A separate report has been prepared by Curtis Williams, the Agency's planning consultant, on this project.

Lee Rosenthal, the Agency's Attorney, and Curtis Williams will be present at the meeting to

discuss the details of this strategy.

**Economic Development Retention – Business Retention Strategy**

The last component of the of the Agency's Economic Development Strategy, referred to as the Business Retention Strategy, is intended to support the overall economic development effort and integrate, where appropriate, with the other two strategies. The Chamber of Commerce has been tasked with developing and implementing the Business Retention Strategy through a professional services agreement with the Agency. A separate report has been prepared by the Chamber on this matter.

Deanna Merideth, the Chamber's Executive Director, will be present at the meeting to answer any questions regarding this strategy.

**General Plan/Vision Statement**

The strategies are consistent with the City's Vision Statement. There is no impact to the General Plan at this time. As individual aspects of the strategy are implemented, impact to the General Plan will be fully explained.

**Fiscal Impact**

None.

**Public Contact**

The agenda has been noticed.

**Recommendation**

Staff seeks direction from and concurrence on the following steps from the Agency Directors:

- 1) Clarify the priority sites for immediate actions.
- 2) Prepare a specific action plan for each of the sites.
- 3) Depending on the ownership of these priority sites, identify the most appropriate approach to market the sites for development.
- 4) Allocate existing resources, such as the portion of tax increment funds for capital improvement projects, and identify additional funds for project implementation.
- 5) Implement the business retention strategy as recommended in the attachment.
- 6) Decide desired approach to the HIA given the choices in the attached HIA memorandum.

**Alternatives**

With direction, refer the matter back to the staff's Ad Hoc Economic Development committee for further refinement.

**Attachments**

A. Draft Executive Summary: City of Belmont Economic Development Enhancement –

Target Sites Strategy

- B. Harbor Industrial Area, City of Belmont - Proposed Annexation Approach
- C. 2006 RDA Approach to the City of Belmont – Retention Portion of 2/16/06 Staff Report

Respectfully submitted,

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## **HARBOR INDUSTRIAL AREA**

### **CITY OF BELMONT**

#### **Proposed Annexation Approach**

##### **Background**

The City of Belmont continues to pursue annexation of the Harbor Industrial Area (HIA) between Old County Road and U.S. Highway 101. The City foresees important economic benefits to both the property owners in the HIA and to the City from annexation. For the past five years, the City Council liaisons, the City Manager, and other City staff and consultants have worked cooperatively with HIA business and property owners to define issues of concern and to develop solutions enabling the HIA community to support annexation.

The issues defined and addressed by designated HIA representatives and the City of Belmont have included:

- Land use and zoning regulations that retain most of the provisions currently allowed by San Mateo County and the City of San Carlos in the HIA.
- Improvements to and maintenance of Belmont Creek to reduce the potential for flooding.
- Traffic and roadway modifications to facilitate traffic movements, especially for trucks, from the HIA to US 101 north.
- Redirecting sewer flows from the San Carlos system into Belmont's system (or an agreement from San Carlos to retain the sewer flows in exchange for user fees).
- The uncertainty of Belmont's political process and its regulatory environment and attitude toward business.

A specific proposal of actions by the City of Belmont has been prepared to address these issues, and has been presented to HIA representatives, but action has been deferred by the group pending staff changes at the City and determination of a mechanism to ensure that annexation commitments will be met and remain in place for a specified period of time.

##### **Annexation Approach**

City staff has formulated a recommended approach to annexation to pursue, subject to Council direction. There are three key components to this approach:

1. Present a City proposal to the HIA representatives to include:
  - Revising the Zoning Ordinance for the area to reflect criteria similar to County and San Carlos zoning, as well as a 3-year transition period for implementation of business licenses and nonconforming provisions.
  - A commitment to participate in up to 50% of the costs of Belmont Creek improvements undertaken by the City of San Carlos and to participate in ongoing creek maintenance efforts.
  - Roadway improvements to include widening Old County Road to two lanes between O'Neill and Ralston and working with Caltrans

on signal timing changes to lights at the Old County Road and El Camino Real intersections with Ralston.

- Diversion of sewage flows in the HIA from the City of San Carlos system to Belmont's system.
  - A memorandum of understanding with HIA and LAFCO to assure that ordinances, improvements, and other terms remain in effect for a minimum period of 5 years, unless changes are supported by HIA representatives.
2. Not later than three years after annexation, prepare a Specific Plan to address future land uses in the HIA, with the active participation of area businesses and property owners.
  3. Include the HIA as a Project Area of the City's Redevelopment Area, using the Specific Plan as the basis for the Redevelopment Plan for the area. The RDA would provide a mechanism to recover the costs of the planning effort and to fund area improvements. Tax increments from the RDA would offset those costs in the longer term.

#### **Alternative Annexation Sequence**

As an alternative to the above sequence of events, the City could offer to prepare the Specific Plan and initiate the Redevelopment Area process in advance of annexation. This option should be offered to the HIA property owners but should be pursued only if the owners are willing to pay a portion of the costs of the preparation of the Specific Plan and formation of a Redevelopment Project Area, indicating their commitment to the process and reducing the City's risk of developing this approach without the assurance of annexation.



## **2006 RDA PROPOSAL TO THE CITY OF BELMONT SUMMARY OF 1/19/06 MEETING HIGHLIGHTS**

On January 19, 2006, the Belmont Chamber of Commerce met with the Interim City Manager and Finance Director to discuss the RDA proposal for calendar year 2006. The City has requested the Chamber to provide plans for retention of business in Belmont and to elaborate as needed at the 2/14/06 City Council Meeting.

### **Retention Portion of 2/14/06 Staff Report**

#### **A: Shop in Belmont Campaign: Phase II**

1. Business and Community Directory
2. New Website for Belmont Chamber of Commerce
3. On-line Interactive Map for City of Belmont, key destinations to serve multi purposes

#### **B: Façade Improvement Program – Phase II**

1. Continuation of targeted marketing efforts
2. Assistance with application process to ensure project acceptance and completion
3. Monthly reporting and communication with City on progress and leads

#### **C: Collection / Analysis of Economic Data**

1. Pulse of Business: Survey businesses (number tbd) regarding economic activity on a quarterly basis.
2. Unsecured Property Taxes and Transit Occupancy Tax
3. Status of Real Estate, Employment and Sales Tax
4. New Business Licenses

#### **D: On-Going Chamber Operations and Services**

1. Business to business support (business mixers, ribbon cuttings, new educational series)
2. Business Resource Center (will be expanding)
3. Publishing newsletters, maps, guides, relocation packages, new resident kits
4. Representation at Regional, Community and County Functions.
5. Coordinate Special Events (Annual Festival in the Park, State of the City, Community Awards)

#### **E: Business Improvement District**

1. Work with RDA to assess feasibility of BID's and Chamber's role
2. Executive Director to attend monthly BED committee meetings
3. Schedule regular meetings with Chamber ED committee and City Council leads (City of Belmont – Phil and Dave; Chamber – Maureen, Mary and Deanna)